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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4715

03/31/2022

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The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; expanding the state building energy loan program to include
1.3 the installation of solar energy in buildings in state parks; transferring money;
1.4 amending Minnesota Statutes 2021 Supplement, sections 16B.86; 16B.87.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2021 Supplement, section 16B.86, is amended to read:

1.7 **16B.86 STATE BUILDING ENERGY CONSERVATION IMPROVEMENT**
1.8 **REVOLVING LOAN ACCOUNT.**

1.9 Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the
1.10 following terms have the meanings given.

1.11 (b) "Energy conservation" has the meaning given in section ~~216B.241, subdivision 1,~~
1.12 ~~paragraph (d)~~ 216B.2402, subdivision 5.

1.13 (c) "Energy conservation improvement" has the meaning given in section ~~216B.241,~~
1.14 ~~subdivision 1, paragraph (e)~~ 216B.2402, subdivision 6.

1.15 (d) "Energy efficiency" has the meaning given in section ~~216B.241, subdivision 1,~~
1.16 ~~paragraph (f)~~ 216B.2402, subdivision 7.

1.17 (e) "Project" means the energy conservation improvements financed by a loan made
1.18 under this section.

1.19 (f) "Solar energy generating system" has the meaning given in section 216E.01,
1.20 subdivision 9a.

1.21 (g) "State building" means an existing building owned by the state of Minnesota.

2.1 (h) "State park" means a park listed in section 85.012, subdivision 1a.

2.2 Subd. 2. **Account established.** The state building energy ~~conservation~~ improvement
 2.3 revolving loan account is established as a separate account in the state treasury. The
 2.4 commissioner shall manage the account and shall credit to the account investment income,
 2.5 repayments of principal and interest, and any other earnings arising from assets of the
 2.6 account. Money in the account is appropriated to the commissioner of administration to
 2.7 make loans to state agencies to implement energy conservation and energy efficiency
 2.8 improvements in state buildings and to install solar energy generating systems in state parks
 2.9 under section 16B.87.

2.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.11 Sec. 2. Minnesota Statutes 2021 Supplement, section 16B.87, is amended to read:

2.12 **16B.87 AWARD AND REPAYMENT OF STATE BUILDING ENERGY**
 2.13 **IMPROVEMENT ~~CONSERVATION~~ LOANS.**

2.14 Subdivision 1. **Committee.** The State Building Energy ~~Conservation~~ Improvement Loan
 2.15 Committee consists of the commissioners of administration, management and budget, and
 2.16 commerce. The commissioner of administration serves as chair of the committee. The
 2.17 members serve without compensation or reimbursement for expenses.

2.18 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form
 2.19 developed by the commissioner of administration that requires an applicant to submit the
 2.20 following information:

2.21 (1) a description of the proposed project, including existing equipment, structural
 2.22 elements, operating characteristics, and other conditions affecting energy use that the energy
 2.23 conservation improvements or solar energy generating system financed by the loan modify
 2.24 or replace;

2.25 (2) the total estimated project cost and the loan amount sought;

2.26 (3) a detailed project budget;

2.27 (4) projections of the proposed project's expected energy and monetary savings;

2.28 (5) information demonstrating the agency's ability to repay the loan;

2.29 (6) a description of the energy conservation and solar energy programs offered by the
 2.30 utility providing service to the state building from which the applicant seeks additional
 2.31 funding for the project; ~~and~~

3.1 (7) if the project is to install a solar energy generating system in a state park, certification
 3.2 that the nameplate capacity of the solar energy generating system does not exceed 120
 3.3 percent of the average annual amount of electricity consumed in the previous three calendar
 3.4 years by the building on or adjacent to the land on which the agency proposes to install the
 3.5 solar energy generating system; and

3.6 (8) any additional information requested by the commissioner.

3.7 (b) The committee shall review applications for loans and shall award a loan based upon
 3.8 criteria adopted by the committee. A loan made under this section must:

3.9 (1) be at or below the market rate of interest, including a zero interest loan; and

3.10 (2) have a term no longer than seven years.

3.11 (c) In making awards, the committee shall give preference to:

3.12 (1) applicants that have sought funding for the project through energy conservation
 3.13 ~~projects~~ or solar energy programs offered by the utility serving the state building that is the
 3.14 subject of the application; and

3.15 (2) to the extent feasible, with respect to energy conservation projects, applications for
 3.16 state buildings located within the electric retail service area of the utility that is subject to
 3.17 section 116C.779.

3.18 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan
 3.19 according to the terms of the loan agreement. The principal and interest must be paid to the
 3.20 commissioner of administration, who shall deposit it in the state building energy ~~conservation~~
 3.21 improvement revolving loan account. Payments of loan principal and interest must begin
 3.22 no later than one year after the project is completed.

3.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.24 Sec. 3. **TRANSFER.**

3.25 (a) \$25,000,000 in fiscal year 2023 is transferred from the general fund to the state
 3.26 building energy improvement revolving loan account under Minnesota Statutes, section
 3.27 16B.86, to make loans under Minnesota Statutes, section 16B.87, and to pay the reasonable
 3.28 costs incurred by the Department of Administration to administer the loan program under
 3.29 Minnesota Statutes, section 16B.87. This is a onetime transfer and is available until expended.

3.30 (b) Of the amount transferred in paragraph (a):

4.1 (1) 50 percent must be used only for loans for energy conservation projects in buildings
4.2 located in state parks; and

4.3 (2) 50 percent must be used only for loans to install solar energy generating systems in
4.4 buildings located on or adjacent to state parks.

4.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.